

Fund Information

Fund Name

Public Regular Savings Fund (PRSF)

Fund Category

Equity

Fund Investment Objective

To achieve consistent capital growth over the medium to long term period and to achieve a steady growth in income.

Fund Performance Benchmark

The benchmarks of the Fund and their respective percentages are 90% FTSE Bursa Malaysia Top 100 Index (FBM 100) and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

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Fund Distribution Policy

Annual

Breakdown of Unitholdings of PRSF as at 31 March 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	36,300	15.49	107
5,001 to 10,000	38,662	16.50	289
10,001 to 50,000	112,424	47.99	2,709
50,001 to 500,000	46,360	19.79	4,981
500,001 and above	539	0.23	447
Total	234,285	100.00	8,533

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 31 March 2018

	Average Total Return of PRSF (%)
1 Year	10.49
3 Years	3.15
5 Years	5.81

Fund Performance

For the Financial Year Ended 31 March 2018

Annual Total Return for the Financial Years Ended 31 March

Year	2018	2017	2016	2015	2014
PRSF (%)	10.49	3.93	-4.70	3.61	13.84

The calculation of the above returns is based on computation methods of Lipper.

Notes:

1. **Total return** of the Fund is derived by this formulae:

$$\left(\frac{\text{End of Period FY}_{\text{Current Year}} \text{ NAV per unit}}{\text{End of Period FY}_{\text{Previous Year}} \text{ NAV per unit}} \right) - 1$$

(Adjusted for unit split and distribution paid out for the period)

The above total return of the Fund was sourced from Lipper.

2. **Average total return** is derived by this formulae:

$$\frac{\text{Total Return}}{\text{Number of Years Under Review}}$$

Other Performance Data for the Past Three Financial Years Ended 31 March

	2018	2017	2016
Unit Prices (MYR)*			
Highest NAV per unit for the year	0.6703	0.6218	0.6583
Lowest NAV per unit for the year	0.5973	0.5712	0.5562
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Year			
Total NAV (MYR'000)	5,487,153	5,481,024	5,196,035
UIC (in '000)	8,532,935	9,133,319	8,735,086
NAV per unit (MYR)	0.6431	0.6001	0.5948
Total Return for the Year (%)	10.49	3.93	-4.70
Capital growth (%)	8.78	2.13	-6.42
Income (%)	1.57	1.76	1.84
Management Expense Ratio (%)	1.51	1.52	1.52
Portfolio Turnover Ratio (time)	0.06	0.09	0.14

* All prices quoted are ex-distribution.

Notes: Management Expense Ratio is calculated by taking the total management expenses expressed as an annual percentage of the Fund's average net asset value.

Portfolio Turnover Ratio is calculated by taking the average of the total acquisitions and disposals of the investments in the Fund for the year over the average net asset value of the Fund calculated on a daily basis.

Fund Performance

For the Financial Year Ended 31 March 2018

Distribution and Unit Split

Financial year	2018	2017	2016
Date of distribution	30.3.18	31.3.17	31.3.16
Distribution per unit			
Gross (sen)	2.00	1.80	2.35
Net (sen)	2.00	1.80	2.35
Unit split	-	-	-

Impact on NAV Arising from Distribution (Final) for the Financial Years

	2018	2017	2016
	Sen per unit	Sen per unit	Sen per unit
Net asset value before distribution	66.31	61.81	61.83
Less: Net distribution per unit	(2.00)	(1.80)	(2.35)
Net asset value after distribution	64.31	60.01	59.48

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

Asset Allocation for the Past Three Financial Years

	As at 31 March (Percent of NAV)		
	2018	2017	2016
	%	%	%
EQUITY SECURITIES			
Quoted			
Malaysia			
Ordinary Shares			
Basic Materials	2.4	2.2	2.3
Communications	12.5	14.2	15.2
Consumer, Cyclical	6.5	7.3	6.7
Consumer, Non-cyclical	18.1	13.2	7.1
Diversified	3.4	8.4	8.0
Energy	5.1	4.5	4.9
Financial	30.5	27.5	29.0
Industrial	8.7	7.1	4.9
Technology	1.1	0.3	-
Utilities	4.5	4.4	7.5
	92.8	89.1	85.6
Preference Shares			
Financial	2.5	1.2	1.1
TOTAL QUOTED EQUITY SECURITIES	95.3	90.3	86.7

Fund Performance

For the Financial Year Ended 31 March 2018

Asset Allocation for the Past Three Financial Years (cont'd)

	As at 31 March (Percent of NAV)		
	2018 %	2017 %	2016 %
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
Financial	1.5	3.9	4.6
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	1.5	3.9	4.6
COLLECTIVE INVESTMENT SCHEMES			
Unquoted			
Funds	0.2	-	-
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEMES	0.2	-	-
FIXED INCOME SECURITIES			
Unquoted			
Ringgit-denominated			
Redeemable Non-convertible Bonds	0.8	1.4	2.3
TOTAL UNQUOTED FIXED INCOME SECURITIES	0.8	1.4	2.3
DEPOSITS WITH FINANCIAL INSTITUTIONS	5.4	7.3	10.5
OTHER ASSETS & LIABILITIES	-3.2	-2.9	-4.1

Statement Of Distribution Of Returns

For the Financial Year Ended 31 March 2018

	Sen Per Unit
Gross Distribution	2.0000
Net Distribution	2.0000
Total Returns	6.3000

Effects of Distribution on NAV per unit before and after Distribution:

	Before Distribution	After Distribution
NAV per unit (MYR)	0.6631	0.6431

Manager's Report

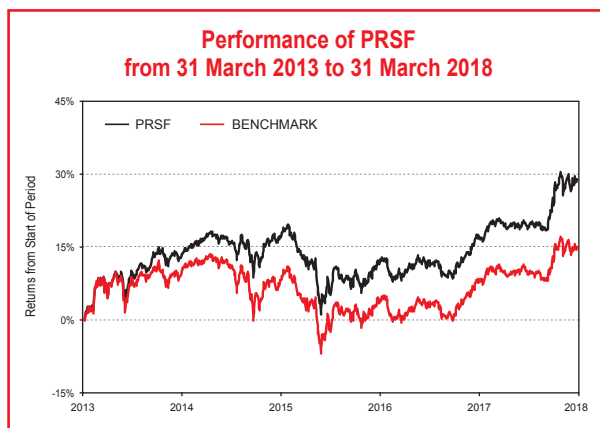
Overview

This Annual Report covers the financial year from 1 April 2017 to 31 March 2018.

Public Regular Savings Fund (PRSF or the Fund) aims to achieve consistent capital growth over the medium to long term period and to achieve a steady growth in income.

For the financial year under review, the Fund registered a return of +10.49% as compared to its Benchmark's return of +6.68%. The Fund's equity portfolio registered a return of +12.56% while its bond and money market portfolios registered returns of +7.56% and +3.09% respectively during the financial year under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 31 March 2018, the Fund generated a total return of +29.08% and outperformed its Benchmark's return of +14.97% over the same period. The Fund has also made distributions in the previous and current financial years. Consequently, it is the opinion of the Manager that the Fund has met its objective of achieving consistent capital growth and a steady growth in income over the said period.



Prior to 30 April 2015, the Fund's Benchmark was the FTSE Bursa Malaysia Top 100 Index (FBM 100). Effective 30 April 2015, the Fund's Benchmark has been changed to a composite index of 90% FBM 100 and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

Income Distribution and Impact on NAV Arising from Distribution

The gross distribution of 2.00 sen per unit (net distribution of 2.00 sen per unit) for the financial year ended 31 March 2018 had the effect of reducing the Net Asset Value (NAV) of the Fund after distribution. As a result, the NAV per unit of the Fund was reduced to RM0.6431 from RM0.6631 after distribution.

Manager's Report

Effect of Distribution Reinvestment on Portfolio Exposures

	31-March-18	
	Before Distribution Reinvestment*	After Distribution Reinvestment*
Equities & Related Securities	96.8%	93.9%
Bonds & Other Fixed Income		
Securities	0.8%	0.7%
Money Market	2.4%	5.4%

* Assumes full reinvestment.

Change in Portfolio Exposures from 31-Mar-17 to 31-Mar-18

	31-Mar-17	31-Mar-18	Change	Average
				Exposure
Equities & Related Securities	91.4%	93.9%	+2.5%	94.72%
Bonds & Other Fixed Income				
Securities	1.4%	0.7%	-0.7%	1.13%
Money Market	7.2%	5.4%	-1.8%	4.15%

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	12.56%	7.02%	FBM 100	94.72%	11.90%
Bonds & Other Fixed Income					
Securities	7.56%	5.31%	Bond Index	1.13%	0.09%
Money Market	3.09%	3.00%	Overnight Rate	4.15%	0.13%
less:					
Expenses					-1.63%
Total Net Return for the Year					10.49%

FBM 100 = FTSE Bursa Malaysia Top 100 Index

Bond Index = Quant Shop MGS All Index

Overnight Rate = Bank Negara Weighted Average Overnight Interbank Rate

Equity Portfolio Review

For the financial year under review, the Fund's equity portfolio registered a return of +12.56% and outperformed the equity Benchmark's return of +7.02%. The Fund's equity portfolio outperformed the equity Benchmark as its investments in selected Industrial, Consumer and Financial stocks outperformed the broad market during the financial year under review.

Manager's Report

The Fund commenced the financial year under review with an equity exposure of 91.4% and its equity weight was maintained at above 90% over the financial year under review to capitalise on investment opportunities in the domestic market. The Fund ended the financial year under review with an equity exposure of 93.9%. Based on an average equity exposure of 94.72%, the Fund's equity portfolio is deemed to have registered a return of +11.90% to the Fund as a whole for the financial year under review. A full review of the performance of the equity market is tabled in the following sections.

Sector Allocation

In terms of sector allocation within the equity portfolio, the top 5 sectors accounted for 80.3% of the NAV of the Fund and 83.0% of the Fund's equity portfolio. The weightings of the top 5 sectors in Malaysia (unless otherwise indicated) are in the following order: Financial (34.5%), Consumer, Non-cyclical (18.1%), Communications (12.5%), Industrial (8.7%) and Consumer, Cyclical (6.5%).

Bonds and Other Fixed Income Securities Portfolio Review

For the financial year under review, the Fund's bond portfolio, which comprises corporate bonds, registered a return of +7.56%. In comparison, the Quant Shop MGS All Index, which tracks the performance of all Malaysian Government Securities (MGS) with maturities of 1 year and above, registered a return of +5.31% over the same period. The outperformance of the Fund's bond portfolio was attributable to the firm prices of selected bonds amid the strong pick-up in domestic economic conditions during the financial year under review.

During the financial year under review, the Fund's bond exposure decreased from 1.4% to 0.7% following the maturity of selected bond investments. Based on an average exposure of 1.13%, the bond portfolio is estimated to have contributed +0.09% to the Fund's overall return for the financial year under review. For a full review of the bond market, please refer to the following sections of this report.

Money Market Portfolio Review

During the financial year under review, the Fund's money market portfolio, which was invested primarily in deposits, yielded a return of +3.09%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +3.00% over the same period.

During the financial year under review, the Fund's exposure to money market investments decreased from 7.2% to 5.4% as funds were mobilised into equity investments. Based on an average exposure of 4.15%, the money market portfolio is estimated to have contributed +0.13% to the Fund's overall return for the financial year under review.

Manager's Report

Stock Market Review

Starting the financial year under review at 1,740.09 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) strengthened in April 2017, led by firmer regional currencies, stable oil prices and positive sentiment arising from the U.S. president's pro-growth policies. The Index subsequently traded range-bound in May 2017 as global energy prices softened.

The market edged higher in early June 2017 amid sustained buying interest in selected blue chips, before moving lower in mid-July 2017 due to softer oil prices and a lack of fresh leads. After rising in early September 2017, the Index retraced in October and November 2017 as market sentiment was dampened by a lack of fresh catalysts and a sell-down in selected blue chips.

The FBM KLCI rebounded in December 2017 and continued to rally in January 2018 on the back of firmer oil prices and buying interest from foreign investors. In early February 2018, the Index fell in tandem with global markets due to concerns over the prospect of higher-than-expected interest rates in the U.S. The FBM KLCI subsequently rebounded in March 2018 amid buying interest in selected blue chips to close at 1,863.46 points, registering a gain of 7.09% for the financial year under review.



Bond and Money Market Review

Aided by a rebound in crude oil prices, the domestic bond market staged a recovery in April-May 2017 alongside a firmer Ringgit and lower U.S. Treasury yields. Buying interest in the domestic bond market eased towards June 2017 amid higher global bond yields following the announcement of the second U.S. interest rate hike in 2017, coupled with growing concerns that the U.S. Federal Reserve may reduce its holdings of government and mortgage bonds.

Manager's Report

Buying interest returned to the domestic bond market in August 2017 on the back of firmer U.S. Treasuries, a broadly weaker U.S. Dollar as well as accelerating economic growth and lower inflation in Malaysia. The domestic bond market subsequently retreated in September and October 2017, driven by rising optimism over the U.S. tax reform as well as the Federal Reserve's announcement that it would start its balance sheet reduction program in October 2017, while affirming the likelihood of a 25 basis points (bps) rate hike in December 2017. Buying interest gradually returned to the domestic bond market in November and December 2017 on the back of a firmer Ringgit.

In January 2018, domestic bond yields edged up amid higher U.S. Treasury yields and the increase in the Overnight Policy Rate (OPR) by 25 bps to 3.25% on 25 January 2018. Domestic bond yields climbed further in February 2018 as higher U.S. Treasury yields and the easing of the Ringgit weighed on market sentiment. In March, the domestic bond market rebounded in tandem with a firmer Ringgit and a rally in U.S. Treasuries amid concerns over rising trade tensions between the U.S. and China.

For the financial year under review, the yields of 3-year and 10-year MGS declined by 8 bps and 19 bps respectively to 3.45% and 3.94%. The Overnight Rate commenced the financial year under review at 3.00% and ended the financial year under review higher at 3.25%.

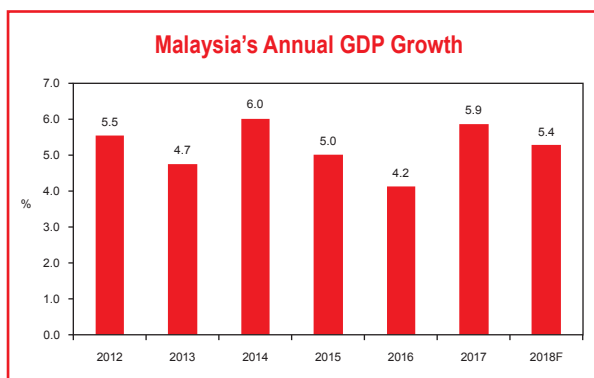
Economic Review

Malaysia's GDP growth gained pace from 4.2% in 2016 to 5.9% in 2017 on the back of higher domestic demand and export growth. Growth in the services sector rose from 5.6% in 2016 to 6.2% in 2017. Meanwhile, growth in manufacturing activities increased from 4.4% to 6.0% over the same period.

Malaysia's export growth accelerated to 18.9% in 2017 from 1.2% in 2016 due mainly to higher exports of electrical and electronic products. Import growth surged to 19.9% from 1.9% over the same period. Malaysia's cumulative trade surplus widened to RM97.2 billion in 2017 from RM88.1 billion in 2016. Due to capital inflows, Malaysia's foreign reserves increased to US\$103.7 billion as at end-February 2018 compared to US\$95.0 billion a year ago.

Malaysia's inflation rate slowed to 2.0% in the first two months of 2018 from 3.7% in 2017 on the back of moderating food and transportation costs. On 25 January 2018, Bank Negara Malaysia (BNM) raised the OPR by 25 bps from 3.00% to 3.25% amid resilient economic growth. Loans growth edged up to 4.5% in the first two months of 2018 from 4.1% in 2017 due to higher demand from the household sector.

Manager's Report



Source: Bloomberg

Led by higher investment spending and export growth, U.S. GDP growth rose from 1.5% in 2016 to 2.3% in 2017. Investment spending increased by 3.3% in 2017 compared to a contraction of 1.6% in 2016 due to higher investment in equipment. Likewise, exports expanded by 3.4% compared to a decline of 0.3% over the same period. At the Federal Open Market Committee (FOMC) meeting on 20-21 March 2018, the Federal Reserve raised the Federal funds rate target range by 25 bps from 1.25%-1.50% to 1.50%-1.75%.

Eurozone GDP growth gained pace from 1.8% in 2016 to 2.3% in 2017 on the back of higher export growth. At its monetary policy meeting on 8 March 2018, the European Central Bank (ECB) kept its main refinancing and deposit rates at 0.00% and -0.40% respectively. The ECB extended its quantitative-easing program from January 2018 until at least September 2018. However, it reduced the monthly pace of bond-buying from €60 billion to €30 billion with effect from January 2018.

In a referendum held on 23 June 2016, British voters voted in favour of exiting the European Union (EU). The United Kingdom (UK) formally notified of its exit from the EU under Article 50 on 29 March 2017, which commences a 2-year process of trade negotiations with the EU.

Outlook and Investment Strategy

Global and regional equity markets traded on a positive note in January but retraced in February on concerns over the prospect of faster-than-anticipated interest rate hikes in the U.S. Global and regional equity markets declined further in March due to the U.S. government's proposed protectionist measures. While concerns over inflationary pressures in the U.S. as well as U.S.-China trade tensions may result in volatile market conditions in the near term, the performance of equity markets over the longer term will depend on the economic outlook and market valuations of the U.S., Europe and the Asia Pacific region.

U.S. economic growth is projected to edge up from 2.3% in 2017 to 2.8% in 2018, driven by higher investment spending on the back of tax reform measures.

Manager's Report

In the Eurozone, economic growth is envisaged to inch higher from 2.3% in 2017 to 2.4% in 2018 on expectations of firmer export growth.

On the domestic front, Malaysia's GDP growth is projected to ease from 5.9% in 2017 to 5.4% in 2018 amid moderating export growth. However, domestic demand will be supported by sustained consumer and investment spending backed by government measures to increase disposable incomes as well as the ongoing implementation of infrastructure projects.

The budget deficit is projected to narrow to RM39.8 billion (2.8% of GDP) in 2018 from the RM39.9 billion (3.0% of GDP) estimated for 2017, while the federal revenue is forecast to expand by 6.4% to RM239.9 billion in 2018. Meanwhile, operating expenditure and net development expenditure are expected to grow by 6.5% to RM234.3 billion and 0.2% to RM45.4 billion respectively in 2018.

As at end-March 2018, the local stock market was trading at a prospective P/E ratio of 16.6x, which was above its 10-year average of 16.5x. The market's dividend yield was 3.28%.

Given the above factors, the Fund will continue to rebalance its investment portfolio accordingly with the objective of achieving consistent capital growth over the medium to long term period and to achieve a steady growth in income.

Cross-Trade Transactions

Cross-trade transactions were undertaken by PRSF during portfolio rebalancing activities over the financial year under review. The transactions, which have been reviewed by the Investment Committee, were deemed to be in the best interest of the Fund and transacted through a dealer / financial institution on an arm's length and fair value basis.

Policy on Soft Commissions

The management company may receive goods or services which include research materials, data and quotation services and investment related publications by way of soft commissions provided they are of demonstrable benefit to the Fund and unitholders.

During the financial year under review, PRSF has not received goods or services by way of soft commissions.

Statement Of Assets And Liabilities

As at 31 March 2018

	2018 MYR'000	2017 MYR'000
Assets		
Investments	5,365,936	5,240,579
Due from brokers/financial institutions, net	5,611	-
Tax recoverable	1,374	1,374
Other receivables	8,793	6,709
Deposits with financial institutions	294,607	401,829
Cash at bank	4,960	2,472
	5,681,281	5,652,963
Liabilities		
Due to the Manager, net	23,129	7,313
Other payables	340	226
Distribution payable	170,659	164,400
	194,128	171,939
Total net assets	5,487,153	5,481,024
Net asset value ("NAV") attributable to unitholders (Total equity)	5,487,153	5,481,024
Units in circulation (in '000)	8,532,935	9,133,319
NAV per unit, ex-distribution (in sen)	64.31	60.01

Statement Of Income And Expenditure

For the Financial Year Ended 31 March 2018

	2018 MYR'000	2017 MYR'000
Income		
Interest income	9,160	14,067
Distribution income	1,207	-
Dividend income	166,299	170,290
Net gain from investments	470,613	119,892
Amortisation of premium, net of accretion of discount	(307)	(344)
	646,972	303,905
Less: Expenses		
Trustee's fee	636	636
Management fee	89,069	85,702
Audit fee	7	7
Tax agent's fee	3	3
Brokerage fee	1,675	2,570
Administrative fees and expenses	291	394
	91,681	89,312
Net income before taxation	555,291	214,593
Taxation	(742)	(1,058)
Net income after taxation	554,549	213,535
Net income after taxation is made up as follows:		
Realised	192,570	171,557
Unrealised	361,979	41,978
	554,549	213,535
Final distribution for the financial year	170,659	164,400

Statement Of Changes In Net Asset Value

For the Financial Year Ended 31 March 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 April 2016	4,950,632	245,403	5,196,035
Creation of units	336,341	-	336,341
Cancellation of units	(100,487)	-	(100,487)
Net income after taxation	-	213,535	213,535
Distribution	-	(164,400)	(164,400)
As at 31 March 2017	5,186,486	294,538	5,481,024
As at 1 April 2017	5,186,486	294,538	5,481,024
Creation of units	201,408	-	201,408
Cancellation of units	(579,169)	-	(579,169)
Net income after taxation	-	554,549	554,549
Distribution	-	(170,659)	(170,659)
As at 31 March 2018	4,808,725	678,428	5,487,153

Statement Of Cash Flows

For the Financial Year Ended 31 March 2018

	2018 MYR'000	2017 MYR'000
Cash flows from operating activities		
Proceeds from sale/redemption of investments	588,884	394,578
Purchase of investments	(328,669)	(662,039)
Capital distribution received	77,223	-
Maturity of deposits	46,916,530	70,751,444
Placement of deposits	(46,809,308)	(70,610,007)
Interest income received	9,366	14,908
Distribution income received	1,207	-
Net dividend income received	163,492	166,583
Trustee's fee paid	(636)	(636)
Management fee paid	(89,027)	(85,299)
Audit fee paid	(7)	(7)
Tax agent's fee paid	(3)	(3)
Payment of other fees and expenses	(177)	(417)
Net cash inflow/(outflow) from operating activities	528,875	(30,895)
Cash flows from financing activities		
Cash proceeds from units created	202,316	338,435
Cash paid on units cancelled	(564,303)	(99,843)
Distribution paid	(164,400)	(205,275)
Net cash (outflow)/inflow from financing activities	(526,387)	33,317
Net increase in cash and cash equivalents	2,488	2,422
Cash and cash equivalents at the beginning of the financial year	2,472	50
Cash and cash equivalents at the end of the financial year	4,960	2,472